

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Promotion of Tourism – Tourism Policy, 1998 – Grant of concessions / exemptions under Tourism Policy, 1998 to Tourism Units – Instructions – Issued.

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YOUTH ADVANCEMENT, TOURISM & CULTURE (T/A2) DEPARTMENT

G.O. Ms No. 169

Dated 24-12-2011  
Read the following:

- 1) GO Ms.No.6, YAT & C (T) Dept., dated 18.12.1998
- 2) Govt. letter No.1303/T/A2/2005, dated 28.10.2005
- 3) GO Ms.No.14, YAT & C (T) Dept., dated 4.9.2008
- 4) GO Rt.No.965, YAT & C (T) Dept., dated: 01.09.2010

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**ORDER:-**

Government announced Tourism Policy, 1998 in the GO 1<sup>st</sup> read above extending certain concessions / exemptions to the tourism units which are permanently registered as Tourism Units and issued with Eligibility Certificates.

2. In the reference 2<sup>nd</sup> read above orders were issued to the effect that the tax benefits envisaged in the Tourism Policy, 1998 be extended only till 31.10.2005 and that all applicable taxes would be collectable from 1.11.2005 onwards. Accordingly, the Eligibility Certificates were issued to the eligible tourism units valid from the dates of their commercial operations till 31.10.2005 only.

3. In the GO 3<sup>rd</sup> read above, orders were issued upholding the concessions and incentives envisaged in the Tourism Policy, 1998 in the GO 1<sup>st</sup> read above till a new Tourism Policy comes into being.

4. Certain Tourism Units who could not avail the tax benefits for the full period of five years in terms of Tourism Policy, 1998 due to fixation of cut off date, represented / approached Courts of Law requesting to permit them to avail the tax benefits for the full period of five years by issuing revised eligibility certificates. Similarly, certain Units have represented that they never collected any taxes from the customers in terms of Tourism Policy and hence they did not pay the taxes to the concerned Department and that still they are served with notices by the Departments for payment of taxes.

5. In the wake of introduction of VAT Act, 2005 (1.4.2005), formation of AP Electricity Regulatory Authority, the exemptions could not be implemented as announced in the Tourism Policy as there are no provisions in the respective Acts for grant of exemptions. Similarly, other departments like Revenue (Registration & Stamps) MA & UD etc., also expressed their inability to extend the benefits in view of various clauses provided in their Acts and Rules.

6. Considering the impasse so connected, Government constituted a 3 Member committee comprising of 1) Special Chief Secretary (Finance), - Chairman, 2) Principal Secretary (Revenue CT), Member, 3) Secretary (Tourism), Member to examine the issue of tax benefits to those Tourism Units which could not be given benefits for 5 years as envisaged in the Tourism Policy, 1998. The recommendation of the 3 member committee were also put before the State Tourism Promotion Committee and the Empowered Committee of Ministers.

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7. Government after careful examination of all the above issues, basing on the recommendations of the Three Member Committee (Officers' Committee), thereafter approved by the State Tourism Promotion Committee and the Empowered Committee of Ministers, hereby order as follows:

- 1) (a) The Tourism Units that could not exhaust the 5 years period of VAT / Sales Tax incentives as on 31.10.2005, shall be treated as units availing tax deferment in lieu of tax exemption with effect from 1.11.2005. The period of such tax deferment eligibility, the amount eligible for tax deferment and repayment of VAT/Sales Tax, so deferred in respect of such units deemed to be availing tax deferment, shall be reckoned in the following manner:

“Where any Units is availing a tax exemption (holiday) as on 31.10.2005, it shall be treated as converted as a unit availing tax deferment. The balance period of tax exemption available as on 31.10.2005 to such unit shall be doubled. The amount eligible for deferment shall be the balance entitlement available to such unit as on that dated (31.10.2005). The balance period, mentioned above, would mean the difference of period between the date of completion of five years, shown originally in the Incentive Eligibility Certificate and dated: 31.10.2005.

Illustration :

xxx unit is granted VAT/Sales Tax exemption (holiday) for a period of five years, say from 1.4.2002 for an amount of Rs.10 lakhs. As on 31.10.2005, the unit availed an amount of Rs.6 lakhs. Thus, the period availed is (3) years and (7) months. The balance period still to be availed as on 31.10.2005, would be one year and five months. Now, the unit is eligible to avail tax deferment for the balance amount of Rs.4.00 lakhs for a period of two years and ten months (double of one year and five months). The period of availment of VAT deferment shall be reckoned from 1.11.2005 and would expire by 31.8.2008 or availment of balance eligible amount of Rs.4.00 lakhs, whichever is earlier.

b) Incentive of Luxury Tax exemption:

Unit that have not availed the incentive from 1.11.2005 within a total period of five years from the commencement date of commercial operation, may be granted exemption from payment of Luxury Tax, for the balance un-availed period from 1.11.2005 till expiry of the period of five years.

- 2) In respect of the 12 units, newly registered by the Tourism Department but not issued eligibility certificate, the following course may be adopted.
  - a) In case they were registered and commenced commercial operation prior to 31.10.2005 the incentive may be administered as per the formulation under 1(a) and 1(b) above.
  - b) In case they were registered and commenced commercial operation on or after 1.11.2005, they may be granted eligible tax incentives by way of reimbursement only from the budget of Tourism Department.

8. For those units who have been issued eligibility certificate with the provision of limiting the tax benefits to 31.10.2005 irrespective of the fact whether they have completed five years of commercial operations, the Commissioner of Tourism will issue revised eligibility certificates incorporating the provisions of deferment of tax payment as per the guidelines mentioned above.

9. The Commissioner of Tourism, A.P., Hyderabad shall examine the requests of the Tourism Units on case to case basis and issue necessary orders basing on the above guidelines, keeping relevant Acts of the departments concerned in view.

10. This G.O. issues with the concurrence of Finance Department vide their U.O.No.2684/Spl.C.S/Fin, dated: 14.06.2011 and Revenue Department vide their endorsement No.3569, dated: 09.06.2011.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

JAYESH RANJAN  
SECRETARY TO GOVERNMENT (T)

To  
The Commissioner of Tourism, A.P. , Hyderabad  
The Vice-Chairman & Managing Director,  
AP Tourism Development Corporation, Hyderabad.

Copy to:

The Special Secretary to Chief Minister.  
The PS to Minister for I & PR, Cinematography, Tourism & Culture.  
The PS to Chief Secretary to Government.  
The Special Chief Secretary to Government, Finance Dept.,  
The Principal Secretary (FP) Finance Department.  
The Principal Secretary (R&E) Finance Department.  
The Principal Secretary (IF) Finance Department.  
The Principal Secretary to Government, Energy Department.  
The Principal Secretary to Government, Revenue (Regn & Stamps) Dept.,  
The Principal to Government, Revenue (CT) Department.  
The Principal Secretary to Government, MA &UD Department.  
The Principal Secretary to Government, Industries & Commerce Dept.,  
The Principal Secretary to Government, Information Technology Dept.,  
All Departments of Secretariat / All Heads of Departments.  
The Accountant-General, AP., Hyderabad.  
The Pay & Accounts Officer, AP, Hyderabad.  
The Deputy Pay & Accounts Officer, Secretariat Branch, Hyderabad.  
SF/SCs.

// FORWARDED:: BY ORDER//

SECTION OFFICER